

UNAUDITED

# ANNUAL FINANCIAL REPORT

of

**Texas A&M Engineering Extension Service**

*For the Year Ended August 31, 2019*

*With Comparative Totals for the Year Ended August 31, 2018*



**David Coatney, Agency Director**  
**R. Charles Todd, Associate Agency Director/CFO**  
**Brian Stipe, Assistant CFO/Controller**



UNAUDITED

TEXAS A&M ENGINEERING EXTENSION SERVICE

TABLE OF CONTENTS

<u>REFERENCE</u>	<u>EXHIBITS</u>	<u>PAGE</u>
III	Statement of Net Position	716-1-1
IV	Statement of Revenues, Expenses, and Changes in Net Position	716-2-1
IV - 1	Schedule of NACUBO Function to Natural Classification Matrix	716-3-1
V	Statement of Cash Flows	716-4-1
<u>SCHEDULES</u>		
THREE	Schedule of Cash and Cash Equivalents	716-13-1
N-2	Note 2 - Capital Assets	716-14-1

UNAUDITED

EXHIBIT III  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2019

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Assets and Deferred Outflows	\$	\$
Current Assets		
Cash & Cash Equivalents [Schedule Three]	1,758,689.56	4,357,908.37
Investments		
Restricted		
Cash & Cash Equivalents [Schedule Three]		
Investments		
Legislative Appropriations	587,906.65	302,243.09
Receivables, Net [Note 24]		
Federal	5,382,179.18	5,415,327.97
Other Intergovernmental		
Interest and Dividends		
Gifts		
Self-Insured Health and Dental		
Student		
Investment Trades		
Accounts	7,839,911.89	10,647,436.30
Other		
Due From Other Agencies	590,765.87	418,366.92
Due From Other Members	336,700.30	2,286,681.56
Due From Other Funds	2,000,000.00	4,100,000.00
Consumable Inventories	1,108,640.43	1,372,512.06
Merchandise Inventories		
Loans and Contracts		
Interfund Receivable [Note 12]		
Other Current Assets		
Total Current Assets	<u>\$ 19,604,793.88</u>	<u>\$ 28,900,476.27</u>
Non-Current Assets		
Restricted		
Cash & Cash Equivalents [Schedule Three]	\$ 67,385.68	\$ 67,385.68
Assets Held By System Office		
Investments [Note 3]		
Loans, Contracts and Other		
Gifts Receivable		
Loans and Contracts		
Assets Held By System Office	61,379,206.03	51,193,977.96
Investments [Note 3]		
Interfund Receivable [Note 12]		
Capital Assets, Non-Depreciable [Note 2]		
Land and Land Improvements	5,616,419.60	4,696,377.68
Construction In Progress	5,042,317.55	2,478,532.65
Other Tangible Capital Assets	32,099.00	32,099.00
Land Use Rights		
Other Intangible Capital Assets		
Capital Assets, Depreciable [Note 2]		
Buildings and Building Improvements	27,803,619.57	26,650,069.52
Infrastructure	19,842,910.25	19,842,910.25
Facilities and Other Improvements	9,420,806.30	9,338,377.30
Furniture and Equipment	12,870,682.49	11,880,101.16
Vehicles, Boats, and Aircraft	9,433,762.14	8,862,277.10
Other Capital Assets		
Intangible Capital Assets, Amortized [Note 2]		
Land Use Rights		
Computer Software	479,266.80	479,266.80
Other Intangible Capital Assets		
Accumulated Depreciation/Amortization	(41,137,443.25)	(37,330,538.44)
Assets Held In Trust		
Other Non-Current Assets		
Total Non-Current Assets	<u>\$ 110,851,032.16</u>	<u>\$ 98,190,836.66</u>
Deferred Outflows of Resources [Note 28]		
Unamortized Loss On Refunding Debt	\$	\$
Government Acquisition		
Pension		
Other Post Employment Benefits		
Asset Retirement Obligations		
Total Deferred Outflows of Resources	<u>\$</u>	<u>\$</u>
Total Assets and Deferred Outflows	<u>\$ 130,455,826.04</u>	<u>\$ 127,091,312.93</u>

UNAUDITED

EXHIBIT III  
 TEXAS A&M ENGINEERING EXTENSION SERVICE  
 STATEMENT OF NET POSITION  
 FOR THE YEAR ENDED AUGUST 31, 2019

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Liabilities and Deferred Inflows		
Current Liabilities		
Payables		
Accounts	\$ 2,864,869.65	\$ 2,095,946.43
Payroll	2,146,791.12	1,940,582.01
Investment Trades		
Self-Insured Health and Dental		
Student		
Other	1,447.27	1,135.17
Interfund Payable [Note 12]		
Due to Other Agencies	108,699.15	220,657.69
Due to Other Funds	2,000,000.00	4,100,000.00
Due to Other Members	1,435,447.00	
Funds Held for Investment		
Unearned Revenue	3,107,956.22	4,096,898.36
Employees' Compensable Leave	253,907.27	234,008.61
Other Post Employment Benefits		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Notes From Direct Borrowings [Note 5]		
Bonds Payable [Note 6]		
Capital Lease Obligations [Note 8]		
Asset Retirement Obligations [Note 5]		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Other Current Liabilities		
Total Current Liabilities	<u>\$ 11,919,117.68</u>	<u>\$ 12,689,228.27</u>
Non-Current Liabilities		
Interfund Payable [Note 12]	\$	\$
Employees' Compensable Leave	2,670,738.34	2,265,554.95
Other Post Employment Benefits [Note 11]		
Pension Liability [Note 9]		
Claims and Judgments		
Notes and Loans Payable [Note 5]		
Notes From Direct Borrowings [Note 5]		
Bonds Payable [Note 6]		
Assets Held In Trust		
Liabilities Payable From Restricted Assets		
Funds Held for Others		
Capital Lease Obligations [Note 8]		
Asset Retirement Obligations [Note 5]		
Other Non-Current Liabilities		
Total Non-Current Liabilities	<u>\$ 2,670,738.34</u>	<u>\$ 2,265,554.95</u>
Deferred Inflows of Resources [Note 28]		
Pension	\$	\$
Other Post Employment Benefits		
Split-Interest Agreements		
Total Deferred Inflows of Resources	<u>\$</u>	<u>\$</u>
Total Liabilities and Deferred Inflows	<u>\$ 14,589,856.02</u>	<u>\$ 14,954,783.22</u>
Net Position		
Net Investment In Capital Assets	\$ 49,404,440.45	\$ 46,929,473.02
Restricted for		
Debt Service		
Capital Projects		
Education	5,607,873.34	11,680,034.51
Endowment and Permanent Funds		
Nonexpendable	67,385.68	67,385.68
Expendable	70,360.95	71,437.76
Unrestricted	<u>60,715,909.60</u>	<u>53,388,198.74</u>
Total Net Position [Exhibit IV]	<u>\$ 115,865,970.02</u>	<u>\$ 112,136,529.71</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 130,455,826.04</u>	<u>\$ 127,091,312.93</u>

UNAUDITED

EXHIBIT IV  
 TEXAS A&M ENGINEERING EXTENSION SERVICE  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED AUGUST 31, 2019

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Operating Revenues		
Tuition and Fees	\$ 25,222,603.83	\$ 25,517,365.01
Discounts and Allowances		
Professional Fees		
Auxiliary Enterprises		
Discounts and Allowances		
Other Sales of Goods and Services	9,623,961.87	8,837,819.13
Discounts and Allowances		
Interest Revenue		
Federal Revenue - Operating	27,480,558.87	25,898,325.84
Federal Pass Through Revenue	4,506,468.18	6,109,912.27
State Grant Revenue	2,481,215.56	2,906,713.05
State Pass Through Revenue	811,796.89	898,357.38
Other Grants and Contracts - Operating	22,156,210.14	19,677,863.57
Other Operating Revenue	7,464.95	544.40
Total Operating Revenues	<u>\$ 92,290,280.29</u>	<u>\$ 89,846,900.65</u>
Operating Expenses		
Instruction	\$ 97,587,171.82	\$ 92,932,229.85
Research		
Public Service		
Academic Support		
Student Services		
Institutional Support		
Operation & Maintenance of Plant		
Scholarships & Fellowships		
Auxiliary		
Depreciation/Amortization	4,003,557.38	3,991,242.59
Total Operating Expenses [Schedule IV-1]	<u>\$ 101,590,729.20</u>	<u>\$ 96,923,472.44</u>
Total Operating Income [Loss]	<u>\$ (9,300,448.91)</u>	<u>\$ (7,076,571.79)</u>
Nonoperating Revenues [Expenses]		
Legislative Revenue	\$ 10,306,457.88	\$ 9,766,681.79
Federal Revenue Non-Operating		
Federal Pass Through Non-Operating		
State Pass Through Non-Operating		
Gifts	455,589.62	1,206,587.09
Investment Income	2,543,986.44	3,007,544.03
Investing Activities Expense	(159,231.35)	(126,164.18)
Interest Expense		
Borrower Rebates and Agent Fees		
Gain [Loss] On Sale or Disposal of Capital Assets	2,576.13	196,513.72
Settlement of Claims		
Other Nonoperating Revenues	144,723.12	141,434.63
Other Nonoperating [Expenses]	(1,705.27)	(9,085.35)
Total Nonoperating Revenues [Expenses]	<u>\$ 13,292,396.57</u>	<u>\$ 14,183,511.73</u>
Income [Loss] Before Other Revenues and Transfers	<u>\$ 3,991,947.66</u>	<u>\$ 7,106,939.94</u>



UNAUDITED

SCHEDULE IV-1  
 TEXAS A&M ENGINEERING EXTENSION SERVICE  
 NACUBO FUNCTION TO NATURAL CLASSIFICATION MATRIX  
 FOR THE YEAR ENDED AUGUST 31, 2019

	<u>INSTRUCTION</u>	<u>RESEARCH</u>	<u>PUBLIC SERVICE</u>	<u>ACADEMIC SUPPORT</u>	<u>STUDENT SERVICES</u>
Natural Classification					
Cost of Goods Sold	\$ 15,256.67	\$	\$	\$	\$
Salaries & Wages	40,095,412.77				
Payroll Related Costs	11,310,155.19				
Payroll Related Costs-TRS Pension					
Payroll Related Costs-OPEB					
Professional Fees & Services	4,947,037.31				
Travel	7,546,406.93				
Materials & Supplies	7,789,915.82				
Communication & Utilities	1,831,732.53				
Repairs & Maintenance	906,739.61				
Rentals & Leases	7,835,791.52				
Printing & Reproduction	1,715,339.81				
Federal Pass-Through	808,009.49				
State Pass-Through					
Depreciation & Amortization					
Bad Debt Expense					
Interest	4,773.45				
Scholarships	67,625.00				
Claims & Losses					
Net Change In OPEB Obligation					
Other Operating Expenses	<u>12,712,975.72</u>				
Total Operating Expenses	<u>\$ 97,587,171.82</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<u>INSTITUTIONAL SUPPORT</u>	<u>OPERATION &amp; MAINTENANCE OF PLANT</u>	<u>SCHOLARSHIPS &amp; FELLOWSHIPS</u>	<u>AUXILIARY</u>	<u>DEPRECIATION &amp; AMORTIZATION</u>	<u>TOTAL</u>	<u>PRIOR YEAR</u>
\$	\$	\$	\$	\$	\$ 15,256.67	\$ 22,992.65
					40,095,412.77	39,262,429.18
					11,310,155.19	10,677,615.27
					4,947,037.31	4,431,474.50
					7,546,406.93	7,617,607.53
					7,789,915.82	7,809,075.37
					1,831,732.53	1,848,417.26
					906,739.61	1,031,959.27
					7,835,791.52	8,744,901.67
					1,715,339.81	1,518,017.84
					808,009.49	817,704.81
				4,003,557.38	4,003,557.38	3,991,242.59
					4,773.45	1,758.74
					67,625.00	2,000.00
					<u>12,712,975.72</u>	<u>9,146,275.76</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,003,557.38</u>	<u>\$ 101,590,729.20</u>	<u>\$ 96,923,472.44</u>

[Exhibit IV]

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EXHIBIT V  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2019

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Cash Flows From Operating Activities		
Proceeds Received From Tuition and Fees	\$ 24,233,661.69	\$ 26,928,177.50
Proceeds Received From Customers	12,195,019.23	6,615,376.51
Proceeds From Grants and Contracts	57,469,398.43	56,822,824.14
Proceeds From Auxiliary Enterprises		
Proceeds From Loan Programs		
Proceeds From Other Operating Revenues	7,464.95	544.40
Payments to Suppliers for Goods and Services	(42,995,143.96)	(47,019,104.37)
Payments to Employees	(50,472,033.71)	(50,220,098.75)
Payments for Loans Provided		
Payments for Pension Benefits to Plan Members		
Payments for OPEB Benefits to Plan Members		
Payments for Other Operating Expenses	(875,634.49)	(819,704.81)
Net Cash Provided [Used] By Operating Activities	<u>\$ (437,267.86)</u>	<u>\$ (7,691,985.38)</u>
Cash Flows From Noncapital Financing Activities		
Proceeds From State Appropriations	\$ 9,718,551.23	\$ 10,085,140.19
Proceeds From Gifts	455,589.62	1,206,587.09
Proceeds From Endowments		
Proceeds From Transfers From Other Funds		
Proceeds From Other Grant Receipts		
Proceeds From Other Noncapital Financing Activities	144,723.12	141,434.63
Payments of Interest		
Payments for Transfers to Other Funds		
Payments for Grant Disbursements		
Payments for Other Noncapital Financing Uses		
Other Noncapital Transfers From/To System	(1,915,457.65)	58,932.67
Transfers Between Fund Groups		
Net Cash Provided [Used] By Noncapital Financing Activities	<u>\$ 8,403,406.32</u>	<u>\$ 11,492,094.58</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	\$ 2,576.13	\$ 167,878.63
Proceeds From Debt Issuance		
Proceeds From State Grants and Contracts		
Proceeds From Federal Grants and Contracts		
Proceeds From Gifts		
Proceeds From Interfund Payables		
Proceeds From Other Financing Activities		
Proceeds From Capital Contributions		
Payments for Additions to Capital Assets	(4,452,339.93)	(3,931,039.10)
Payments of Principal On Debt		
Payments for Capital Leases		
Payments of Interest On Debt Issuance		
Payments for Interfund Receivables		
Payments of Other Costs On Debt Issuance		
Transfer of Capital Debt Proceeds From System [Nonmandatory]	2,614,049.36	2,534,061.87
Intrasystem Transfers for Capital Debt [Mandatory]	(929,169.85)	(2,035,250.00)
Intrasystem Transfers for Construction Projects [Non-Mand]		
Net Cash Provided [Used] By Capital and Related Financing ACT.	<u>\$ (2,764,884.29)</u>	<u>\$ (3,264,348.60)</u>
Cash Flows From Investing Activities		
Proceeds From Sales of Investments	\$	\$
Sales and Purchases of Investments Held By System	(8,852,648.39)	(2,211,251.90)
Proceeds From Interest and Investment Income	1,052,175.41	635,958.60
Payments to Acquire Investments		
Net Cash Provided [Used] By Investing Activities	<u>\$ (7,800,472.98)</u>	<u>\$ (1,575,293.30)</u>
Net Increase [Decrease] In Cash and Cash Equivalents	<u>\$ (2,599,218.81)</u>	<u>\$ (1,039,532.70)</u>
Cash and Cash Equivalents, Beginning of Year Restatement	<u>\$ 4,357,908.37</u>	<u>\$ 5,397,441.07</u>
Cash and Cash Equivalents, Beginning of Year, As Restated	<u>\$ 4,357,908.37</u>	<u>\$ 5,397,441.07</u>
Cash and Cash Equivalents, End of Year [Sch Three]	<u><u>\$ 1,758,689.56</u></u>	<u><u>\$ 4,357,908.37</u></u>

UNAUDITED

EXHIBIT V  
TEXAS A&M ENGINEERING EXTENSION SERVICE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2019

	CURRENT YEAR TOTAL	PRIOR YEAR TOTAL
Reconciliation of Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities	\$	\$
Operating Income [Loss]	(9,300,448.91)	(7,076,571.79)
Adjustments to Reconcile Operating Income [Loss] to Net Cash Provided [Used] By Operating Activities		
Amortization and Depreciation	4,003,557.38	3,991,242.59
Bad Debt Expense	25,260.00	17,296.00
Pension Expense		
OPEB Expense		
Operating Income [Loss] and Cash Flow Categories Classification Differences		
Changes In Assets and Liabilities		
[Increase] Decrease In Receivables	2,815,413.20	(709,802.09)
[Increase] Decrease In Due From Agencies/Funds	(172,398.95)	(192,068.50)
[Increase] Decrease In Due From System Members	(64,068.10)	(6,216.00)
[Increase] Decrease In Inventories	263,871.63	(546,845.36)
[Increase] Decrease In Prepaid Expenses		
[Increase] Decrease In Loans and Contracts		
[Increase] Decrease In Other Assets		
[Increase] Decrease In Deferred Outflows - Pensions		
[Increase] Decrease In Deferred Outflows - OPEB		
Increase [Decrease] In Payables	1,277,687.52	(4,181,366.51)
Increase [Decrease] In Due to Other Agencies/Funds	(111,958.54)	(5,152.18)
Increase [Decrease] In Due to System Members	1,389,677.00	
Increase [Decrease] In Unearned Revenue	(988,942.14)	1,410,812.49
Increase [Decrease] In Deposits		
Increase [Decrease] In Employees' Compensable Leave	425,082.05	(393,314.03)
Increase [Decrease] In OPEB Liability		
Increase [Decrease] In Pension Liability		
Increase [Decrease] In Self Insured Accrued Liability		
Increase [Decrease] In Other Liabilities		
Increase [Decrease] In Deferred Inflows - Pensions		
Increase [Decrease] In Deferred Inflows - OPEB		
Increase [Decrease] In Asset Retirement Obligations		
Total Adjustments	\$ 8,863,181.05	\$ (615,413.59)
Net Cash Provided [Used] By Operating Activities	\$ (437,267.86)	\$ (7,691,985.38)
Non-Cash Transactions		
Donation of Capital Assets	\$ 75,260.00	\$ 19,960.56
Net Change In Fair Value of Investments	(438,936.61)	1,107,510.25
Refunding of Long Term Debt		
Amortization of Bond Premiums and Discounts		
Borrowing Under Capital Lease Purchase		
Other	1,955,206.28	162,831.78





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SCHEDULE N-2  
 TEXAS A&M ENGINEERING EXTENSION SERVICE  
 NOTE 2 - CAPITAL ASSETS  
 FOR THE YEAR ENDED AUGUST 31, 2019

	BALANCE 9-1-18	ADJUSTMENTS	COMPLETED CIP
Non-Depreciable/Non-Amortizable Assets			
Land and Land Improvements	\$ 4,696,377.68	\$	\$
Construction In Progress	2,478,532.65		
Other Tangible Capital Assets	32,099.00		
Total Non-Depreciable/Non-Amortizable Assets	<u>\$ 7,207,009.33</u>	<u>\$</u>	<u>\$</u>
Depreciable Assets			
Buildings	\$ 26,650,069.52	\$	\$
Infrastructure	19,842,910.25		
Facilities and Other Improvements	9,338,377.30		
Furniture and Equipment	11,880,101.16		
Vehicles, Boats and Aircraft	8,862,277.10		
Total Depreciable Assets at Historical Cost	<u>\$ 76,573,735.33</u>	<u>\$</u>	<u>\$</u>
Less Accumulated Depreciation for			
Buildings	\$ (9,987,261.06)	\$	\$
Infrastructure	(8,463,836.21)		
Facilities and Other Improvements	(3,424,150.58)		
Furniture and Equipment	(8,768,125.40)		
Vehicles, Boats and Aircraft	(6,207,898.39)		
Total Accumulated Depreciation	<u>\$ (36,851,271.64)</u>	<u>\$</u>	<u>\$</u>
Depreciable Assets, Net	<u>\$ 39,722,463.69</u>	<u>\$</u>	<u>\$</u>
Amortizable Assets - Intangible			
Computer Software	\$ 479,266.80	\$	\$
Total Intangible Assets at Historical Cost	<u>\$ 479,266.80</u>	<u>\$</u>	<u>\$</u>
Less Accumulated Amortization for			
Computer Software	\$ (479,266.80)	\$	\$
Total Accumulated Amortization	<u>\$ (479,266.80)</u>	<u>\$</u>	<u>\$</u>
Amortizable Assets, Net	<u>\$</u>	<u>\$</u>	<u>\$</u>
Capital Assets, Net	<u><u>\$ 46,929,473.02</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

INC-INTERAGENCY TRANSACTIONS	DEC-INTERAGENCY TRANSACTIONS	ADDITIONS	DELETIONS	BALANCE 8-31-19
\$ 920,041.92	\$	\$	\$	\$ 5,616,419.60
121,512.32		2,442,272.58		5,042,317.55
				32,099.00
<u>\$ 1,041,554.24</u>	<u>\$</u>	<u>\$ 2,442,272.58</u>	<u>\$</u>	<u>\$ 10,690,836.15</u>
\$ 1,153,550.05	\$	\$	\$	\$ 27,803,619.57
82,429.00				19,842,910.25
	(250,063.26)	1,513,842.31	(273,197.72)	9,420,806.30
		571,485.04		12,870,682.49
				9,433,762.14
<u>\$ 1,235,979.05</u>	<u>\$ (250,063.26)</u>	<u>\$ 2,085,327.35</u>	<u>\$ (273,197.72)</u>	<u>\$ 79,371,780.75</u>
\$ (298,114.04)	\$	\$ (1,113,399.67)	\$	\$ (11,398,774.77)
(26,789.10)		(1,011,771.63)		(9,475,607.84)
	250,063.26	(422,737.37)		(3,873,677.05)
		(821,016.79)	271,492.45	(9,067,586.48)
		(634,631.92)		(6,842,530.31)
<u>\$ (324,903.14)</u>	<u>\$ 250,063.26</u>	<u>\$ (4,003,557.38)</u>	<u>\$ 271,492.45</u>	<u>\$ (40,658,176.45)</u>
<u>\$ 911,075.91</u>	<u>\$</u>	<u>\$ (1,918,230.03)</u>	<u>\$ (1,705.27)</u>	<u>\$ 38,713,604.30</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 479,266.80</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 479,266.80</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (479,266.80)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (479,266.80)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>\$ 1,952,630.15</u>	<u>\$</u>	<u>\$ 524,042.55</u>	<u>\$ (1,705.27)</u>	<u>\$ 49,404,440.45</u>